

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4829-01  
Bill No.: HJR 57  
Subject: Bonds - General Obligation and Revenue; Constitutional Amendments; Motor Fuel; Roads and Highways  
Type: Original  
Date: March 27, 2012

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Bill Summary: This proposal authorizes the General Assembly to issue bonds to fund higher education improvements, constructions, landscaping and land purchases.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
General Revenue	\$0 or (More than \$7,000,000)	\$0 or (\$53,951,222)	\$0 or (\$53,951,222)
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$0 or (More than \$7,000,000)</b>	<b>\$0 or (\$53,951,222)</b>	<b>\$0 or (\$53,951,222)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Fifth State Building Fund	\$0	\$0 or \$53,951,222	\$0 or \$53,951,222
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0 or \$53,951,222</b>	<b>\$0 or \$53,951,222</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 8 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Missouri House of Representatives, Department of Revenue, Office of the State Treasurer, Missouri State University, Department of Higher Education and Office of the Governor** each assume the proposal will have no fiscal impact on their respective organizations.

Officials at the **Office of the Secretary of State (SOS)** assume unless a special election is called for the purpose, joint resolutions are submitted to a vote of the people at the next general election. If a special election is called to submit a joint resolution to a vote of the people, section 115.063.2 RSMo requires the state to pay the costs. Article III section 52(b) of the Missouri Constitution authorizes the General Assembly to order a special election for measures referred to the people and Article XII section 2(b) authorizes the Governor to call a special election to submit constitutional amendments to a vote of the people.

The SOS is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2 (b) of the Missouri Constitution and Section 116.230-116.290, RSMo. The Secretary of State's office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with \$1.3 million historically appropriated in odd numbered fiscal years and \$100,000 appropriated in even numbered fiscal years to meet these requirements. The appropriation has historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2011, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost \$1.02 million to publish (an average of \$170,000 per issue). Therefore, the Secretary of State's office assumes, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. However, because these requirements are mandatory, we reserve the right to request funding to meet the cost of our publishing requirements if the Governor and the General Assembly change the amount or eliminate the estimated nature of our appropriation.

**Oversight** has reflected in this fiscal note, the state potentially reimbursing local political subdivisions the cost of having this joint resolution voted on during a special election in fiscal year 2013. This reflects the decision made by the Joint Committee on Legislative Research, that the cost of the elections should be shown in the fiscal note. The next scheduled general election is in November 2012 (FY 2013). It is assumed the subject within this proposal could be on that ballot; however, it could also be on a special election called for by the Governor.

ASSUMPTION (continued)

Therefore, Oversight will reflect a potential election cost reimbursement to local political subdivisions in FY 2013.

To estimate the expense the state would incur for reimbursing local political subdivisions for a special election, Oversight requested expense estimates from all election authorities for an election. Eighty-six out of the one hundred fifteen election authorities responded to Oversight's request. From these respondents; the total election expense that would have to be reimbursed by the state government is over \$7 million. Therefore, Oversight will reflect a potential cost borne by the state in FY 2013 of over \$7 million for reimbursement to the local political subdivisions. Oversight assumes the Governor could call for a special election to be held prior to November 2012 regarding this joint resolution; however, if a special election is not called, the subject will be voted on at the general election in November, 2012.

Officials from the **Missouri Senate** state the proposal will have no fiscal impact as they related to their agency or a minimal cost which can be absorbed by present appropriations.

Officials from the **University of Missouri** state this legislation could have a positive fiscal impact on the facilities needs of the University of Missouri.

In response to a similar proposal, officials from **Moberly Area Community College** assume this proposal would have no negative impact on Moberly Area Community College. It may potentially have a significant positive impact on the College. The amount cannot be determined.

In response to a similar proposal, officials from **Lincoln University** assume revenues from this proposal would likely exceed beyond FY 2014. Revenues from this proposal can be significant, not only for higher education institutions, but for economic development for many sections of the job force, i.e. architects, engineers and other professional consulting firms, contractors, suppliers, and other peripheral companies related to the construction industry.

Savings also may be realized from decreased deferred maintenance. Depending on the construction projects approved, renovations, rehabilitations, and maintenance projects may provide cost savings in utilities with energy efficiency projects and materials and labor associated with taking care of old infrastructure and inefficient facilities.

Officials from the **Office of Administration** assume passage of this legislation and issuance of bonds in the spring of FY 2013. Our assumptions include: \$800,000,000 issuance amount, for 25 years, and 4.5% interest rate.

ASSUMPTION (continued)

The amount for FY 2013 includes \$150,000 one time cost of issuance fees. The first transfer from the General Revenue Fund to the Debt Service Fund would take place in FY 2013 for payments in FY 2014.

Passage of legislation and issuance of bonds in FY 2013:

Principal Issued: \$800,000,000  
Interest Rate 4.5%  
Number of Years: 25

FY 2013 Costs

GR transfer to Debt Service Fund for FY 2014 principal and interest: \$53,951,222  
One time Cost of Issuance fees: \$150,000. Total FY 2013 cost: \$54,101,222

FY 2014 Costs

GR transfer to Debt Service Fund for FY 2015 principal and interest: \$53,951,222  
Annual issuance fees: \$2,000

FY 2015 Costs

GR transfer to Debt Service Fund for FY 2016 principal and interest: \$53,951,222  
Annual issuance fees: \$2,000

**Oversight** assumes the above could only happen if a special election occurs and the voters approve the authorization to issue the bonds. If this does not occur, the election would not occur until November 2012, FY 2013.

Oversight assumes if the election is approved at the next general election in November 2012, FY 2013, the General Revenue transfer would occur in FY 2014. The FY 2014 and FY 2015 General Revenue transfer to the Debt Service Fund for principal and interest would be \$53,951,222.

<u>FISCAL IMPACT - State Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
<b>GENERAL REVENUE</b>			
<u>Transfer Out</u> - Office of the Secretary of State - reimbursement of local election authorities for election costs	\$0 or (More than \$7,000,000)	\$0	\$0
<u>Cost</u> - Transfer to Fifth State Building Fund	\$0	<u>\$0 or (\$53,951,222)</u>	<u>\$0 or (\$53,951,222)</u>
<b>ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND</b>	<b><u>\$0 or (More than \$7,000,000)</u></b>	<b><u>\$0 or (\$53,951,222)</u></b>	<b><u>\$0 or (\$53,951,222)</u></b>
<b>FIFTH STATE BUILDING FUND</b>			
<u>Revenue</u> - Issuance of bonds to fund higher education improvements	\$0	<u>\$0 or \$53,951,222</u>	<u>\$0 or \$53,951,222</u>
<b>ESTIMATED NET EFFECT ON FIFTH STATE BUILDING FUND</b>	<b><u>\$0</u></b>	<b><u>\$0 or \$53,951,222</u></b>	<b><u>\$0 or \$53,951,222</u></b>
<u>FISCAL IMPACT - Local Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
<b>LOCAL ELECTION AUTHORITIES</b>			
<u>Transfer In</u> - Cost reimbursement from the State for election	\$0 or More than \$7,000,000	\$0	\$0
<u>Expense</u> - Cost for election	<u>\$0 or (More than \$7,000,000)</u>	<u>\$0</u>	<u>\$0</u>
<b>ESTIMATED NET EFFECT TO LOCAL POLITICAL SUBDIVISIONS</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

### FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

### FISCAL DESCRIPTION

Upon voter approval, this proposed constitutional amendment authorizes the General Assembly to issue up to \$800 million in bonds to provide funding for the construction of state buildings, facilities, and projects, primarily for higher education. No more than \$250 million of the proceeds can be allocated for construction purposes other than for higher education, of which no less than \$40 million may be used for the maintenance of parks and park facilities. No less than 15% of the proceeds may be allocated to public community colleges for land acquisition; construction or purchase of buildings; and planning, furnishing, equipping, and landscaping the improvements and buildings.

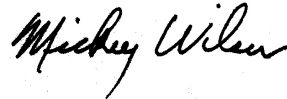
The bonds must be issued over time by the State Board of Fund Commissioners within the Office of Administration in an amount as determined by the General Assembly and will mature within 25 years from the date of issuance. The resolution creates the Fifth State Building Fund for the payment of the bonds and any interest earned. The state board will determine the amount required for paying interest and principal and notify the Commissioner of the Office of Administration, so a monthly transfer can be made from the General Revenue Fund to the building fund. If the amount in the building fund is insufficient, the commissioner must determine a tax rate for tangible property necessary to raise the amount of moneys needed to pay the principal and interest on bonds maturing in the next fiscal year. Funds paid into the building fund will be appropriated without legislative action.

The Governor must develop, in consultation with the state board, a percentage plan for application by African Americans, women, and other minority businesses in all state bond programs and for employment opportunities in the state construction building plan. The minority business and employment plans must be filed with the Missouri Minority Business Advocacy Commission.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of the Secretary of State  
Office of Administration  
Department of Higher Education  
Missouri House of Representatives  
Missouri Senate  
Office of the Governor  
Office of the State Treasurer  
Department of Revenue  
Missouri State University  
University of Missouri  
Lincoln University  
Moberly Area Community College

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive style with a large, stylized 'M' and 'W'.

Mickey Wilson, CPA  
Director  
March 27, 2012